

AMENDED IN ASSEMBLY SEPTEMBER 8, 2003

AMENDED IN ASSEMBLY SEPTEMBER 3, 2003

AMENDED IN SENATE JUNE 2, 2003

AMENDED IN SENATE MARCH 6, 2003

**SENATE BILL**

**No. 25**

**Introduced by Senator Bowen**

**(Coauthors: Senators Aanestad, Alpert, Chesboro, Soto, and  
Torlakson)**

(Coauthors: Assembly Members Bogh, Correa, Hancock, Koretz,  
Leslie, Montanez, Pavley, and Vargas)

December 2, 2002

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An act to amend Sections 1785.11.1, 1785.11.6, 1786.60, and  
1798.85 of the Civil Code, relating to personal information.

LEGISLATIVE COUNSEL'S DIGEST

SB 25, as amended, Bowen. Personal information: security.

(1) Existing law authorizes a consumer to place a security alert in his or her credit report, as specified, and sets forth the duties of a consumer credit reporting agency with regard to a security alert. Existing law requires a consumer credit reporting agency to provide specified disclosures of a consumer's rights in connection with consumer credit reporting.

This bill would, operative July 1, 2004, further provide that any person who uses a consumer credit report in connection with the approval of credit, as specified, may not lend money, extend credit, or complete the purchase, lease, or rental of goods or noncredit related services without taking reasonable steps to verify the consumer's

identity, in order to ensure that the application for an extension of credit or for the purchase, lease, or rental of goods or noncredit related services is not the result of identity theft.

The bill would also specify that if a consumer has placed a statement with the security alert in his or her file requesting that identity be verified by calling a specified telephone number, any person who receives that statement with the security alert in a consumer's file must take reasonable steps to verify his or her identity by contacting the consumer using the specified telephone number prior to lending money, extending credit, or completing the purchase, lease, or rental of goods or noncredit related services, with certain exceptions.

The bill would also revise the disclosures that a consumer credit reporting agency is required to give a consumer.

(2) Existing law exempts specified demand deposit account information services companies from the requirement for placing a security alert or security freeze in a credit report.

This bill would revise that provision to apply to deposit account information services companies, and would make conforming changes.

(3) Existing law authorizes a financial institution to print the social security number of an individual on account documents, as specified, but only prior to July 1, 2003.

This bill would extend that deadline until July 1, 2004.

(4) Existing law prohibits a person or entity, but not a state or local agency, from publicly posting or displaying an individual's social security number or doing certain other acts that might compromise the security of an individual's social security number on or after July 1, 2002, except as specified.

This bill would extend these requirements to state and local agencies, subject to specified exceptions. This bill would also provide that a person or entity may not encode or embed a social security number in or on a card or document, including using a bar code, chip, magnetic strip, or other technology, in place of removing the social security number.

(5) *This bill would incorporate further changes to Sections 1785.11.1 and 1798.85 of the Civil Code proposed by SB 502 and AB 763, respectively, contingent upon their prior enactment.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



*The people of the State of California do enact as follows:*

SECTION 1. Section 1785.11.1 of the Civil Code is amended to read:

1785.11.1. (a) A consumer may elect to place a security alert in his or her credit report by making a request in writing or by telephone to a consumer credit reporting agency. “Security alert” means a notice placed in a consumer’s credit report, at the request of the consumer, that notifies a recipient of the credit report that the consumer’s identity may have been used without the consumer’s consent to fraudulently obtain goods or services in the consumer’s name.

(b) A consumer credit reporting agency shall notify each person requesting consumer credit information with respect to a consumer of the existence of a security alert in the credit report of that consumer, regardless of whether a full credit report, credit score, or summary report is requested.

(c) Each consumer credit reporting agency shall maintain a toll-free telephone number to accept security alert requests from consumers 24 hours a day, seven days a week.

(d) The toll-free telephone number shall be included in any written disclosure by a consumer credit reporting agency to any consumer pursuant to Section 1785.15 and shall be printed in a clear and conspicuous manner.

(e) A consumer credit reporting agency shall place a security alert on a consumer’s credit report no later than five business days after receiving a request from the consumer.

(f) The security alert shall remain in place for at least 90 days, and a consumer shall have the right to request a renewal of the security alert.

(g) Any person who uses a consumer credit report in connection with the approval of credit based on an application for an extension of credit, or with the purchase, lease, or rental of goods or non-credit-related services and who receives notification of a security alert pursuant to subdivision (a) may not lend money, extend credit, or complete the purchase, lease, or rental of goods or non-credit-related services without taking reasonable steps to verify the consumer’s identity, in order to ensure that the application for an extension of credit or for the purchase, lease, or rental of goods or noncredit related services is not the result of

1 identity theft. If the consumer has placed a statement with the  
2 security alert in his or her file requesting that identity be verified  
3 by calling a specified telephone number, any person who receives  
4 that statement with the security alert in a consumer's file pursuant  
5 to subdivision (a) shall take reasonable steps to verify the identity  
6 of the consumer by contacting the consumer using the specified  
7 telephone number prior to lending money, extending credit, or  
8 completing the purchase, lease, or rental of goods or  
9 non-credit-related services. If a person uses a consumer credit  
10 report to facilitate the extension of credit or for another  
11 permissible purpose on behalf of a subsidiary, affiliate, agent,  
12 assignee, or prospective assignee, that person may verify a  
13 consumer's identity under this section in lieu of the subsidiary,  
14 affiliate, agent, assignee, or prospective assignee.

15 (h) For purposes of this section, "extension of credit" does not  
16 include an increase in the dollar limit of an existing open-end  
17 credit plan, as defined in Regulation Z issued by the Board of  
18 Governors of the Federal Reserve System (12 C.F.R. 226.2), or  
19 any change to, or review of, an existing credit account.

20 (i) If reasonable steps are taken to verify the identity of the  
21 consumer pursuant to subdivision (b) of Section 1785.20.3, those  
22 steps constitute compliance with the requirements of this section,  
23 except that if a consumer has placed a statement including a  
24 telephone number with the security alert in his or her file, his or  
25 her identity shall be verified by contacting the consumer using that  
26 telephone number as specified pursuant to subdivision (g).

27 *SEC. 1.5. Section 1785.11.1 of the Civil Code is amended to*  
28 *read:*

29 1785.11.1. (a) A consumer may elect to place a security alert  
30 in his or her credit report by making a request in writing or by  
31 telephone to a consumer credit reporting agency. "Security alert"  
32 means a notice placed in a consumer's credit report, at the request  
33 of the consumer, that notifies a recipient of the credit report that  
34 the consumer's identity may have been used without the  
35 consumer's consent to fraudulently obtain goods or services in the  
36 consumer's name.

37 (b) A consumer credit reporting agency shall notify each  
38 person requesting consumer credit information with respect to a  
39 consumer of the existence of a security alert in the credit report of



1 that consumer, regardless of whether a full credit report, credit  
2 score, or summary report is requested.

3 (c) Each consumer credit reporting agency shall maintain a  
4 toll-free telephone number to accept security alert requests from  
5 consumers 24 hours a day, seven days a week.

6 (d) The toll-free telephone number shall be included in any  
7 written disclosure by a consumer credit reporting agency to any  
8 consumer pursuant to Section 1785.15 and shall be printed in a  
9 clear and conspicuous manner.

10 (e) A consumer credit reporting agency shall place a security  
11 alert on a consumer's credit report no later than five business days  
12 after receiving a request from the consumer.

13 (f) The security alert shall remain in place for at least 90 days,  
14 and a consumer shall have the right to request a renewal of the  
15 security alert.

16 (g) *Any person who uses a consumer credit report in connection*  
17 *with the approval of credit based on an application for an*  
18 *extension of credit, or with the purchase, lease, or rental of goods*  
19 *or non-credit-related services and who receives notification of a*  
20 *security alert pursuant to subdivision (a) may not lend money,*  
21 *extend credit, or complete the purchase, lease, or rental of goods*  
22 *or non-credit-related services without taking reasonable steps to*  
23 *verify the consumer's identity, in order to ensure that the*  
24 *application for an extension of credit or for the purchase, lease, or*  
25 *rental of goods or noncredit related services is not the result of*  
26 *identity theft. If the consumer has placed a statement with the*  
27 *security alert in his or her file requesting that identity be verified*  
28 *by calling a specified telephone number, any person who receives*  
29 *that statement with the security alert in a consumer's file pursuant*  
30 *to subdivision (a) shall take reasonable steps to verify the identity*  
31 *of the consumer by contacting the consumer using the specified*  
32 *telephone number prior to lending money, extending credit, or*  
33 *completing the purchase, lease, or rental of goods or*  
34 *non-credit-related services. If a person uses a consumer credit*  
35 *report to facilitate the extension of credit or for another*  
36 *permissible purpose on behalf of a subsidiary, affiliate, agent,*  
37 *assignee, or prospective assignee, that person may verify a*  
38 *consumer's identity under this section in lieu of the subsidiary,*  
39 *affiliate, agent, assignee, or prospective assignee.*

1 (h) For purposes of this section, “extension of credit” does not  
2 include an increase in the dollar limit of an existing open-end  
3 credit plan, as defined in Regulation Z issued by the Board of  
4 Governors of the Federal Reserve System (12 C.F.R. 226.2), or any  
5 change to, or review of, an existing credit account.

6 (i) If reasonable steps are taken to verify the identity of the  
7 consumer pursuant to subdivision (b) of Section 1785.20.3, those  
8 steps constitute compliance with the requirements of this section,  
9 except that if a consumer has placed a statement including a  
10 telephone number with the security alert in his or her file, his or  
11 her identity shall be verified by contacting the consumer using that  
12 telephone number as specified pursuant to subdivision (g).

13 (j) A consumer credit reporting agency shall notify each  
14 consumer who has requested that a security alert be placed on his  
15 or her consumer credit report of the expiration date of the alert.

16 (k) Notwithstanding Section 1785.19, any consumer credit  
17 reporting agency that recklessly, willfully, or intentionally fails to  
18 place a security alert pursuant to this section shall be liable for a  
19 penalty in an amount of up to two thousand five hundred dollars  
20 (\$2,500) and reasonable attorneys’ fees.

21 SEC. 2. Section 1785.11.6 of the Civil Code is amended to  
22 read:

23 1785.11.6. The following entities are not required to place in  
24 a credit report either a security alert, pursuant to Section  
25 1785.11.1, or a security freeze, pursuant to Section 1785.11.2:

26 (a) A check services or fraud prevention services company,  
27 which issues reports on incidents of fraud or authorizations for the  
28 purpose of approving or processing negotiable instruments,  
29 electronic funds transfers, or similar methods of payments.

30 (b) A deposit account information service company, which  
31 issues reports regarding account closures due to fraud, substantial  
32 overdrafts, ATM abuse, or similar negative information regarding  
33 a consumer, to inquiring banks or other financial institutions for  
34 use only in reviewing a consumer request for a deposit account at  
35 the inquiring bank or financial institution.

36 SEC. 3. Section 1785.15 of the Civil Code is amended to read:

37 1785.15. (a) A consumer credit reporting agency shall  
38 supply files and information required under Section 1785.10  
39 during normal business hours and on reasonable notice. In addition  
40 to the disclosure provided by this chapter and any disclosures

1 received by the consumer, the consumer has the right to request  
2 and receive all of the following:

3 (1) Either a decoded written version of the file or a written copy  
4 of the file, including all information in the file at the time of the  
5 request, with an explanation of any code used.

6 (2) A credit score for the consumer, the key factors, and the  
7 related information, as defined in and required by Section  
8 1785.15.1.

9 (3) A record of all inquiries, by recipient, which result in the  
10 provision of information concerning the consumer in connection  
11 with a credit transaction that is not initiated by the consumer and  
12 which were received by the consumer credit reporting agency in  
13 the 12-month period immediately preceding the request for  
14 disclosure under this section.

15 (4) The recipients, including end users specified in Section  
16 1785.22, of any consumer credit report on the consumer which the  
17 consumer credit reporting agency has furnished:

18 (A) For employment purposes within the two-year period  
19 preceding the request.

20 (B) For any other purpose within the 12-month period  
21 preceding the request.

22 Identification for purposes of this paragraph shall include the  
23 name of the recipient or, if applicable, the fictitious business name  
24 under which the recipient does business disclosed in full. If  
25 requested by the consumer, the identification shall also include the  
26 address of the recipient.

27 (b) Files maintained on a consumer shall be disclosed promptly  
28 as follows:

29 (1) In person, at the location where the consumer credit  
30 reporting agency maintains the trained personnel required by  
31 subdivision (d), if he or she appears in person and furnishes proper  
32 identification.

33 (2) By mail, if the consumer makes a written request with  
34 proper identification for a copy of the file or a decoded written  
35 version of that file to be sent to the consumer at a specified address.  
36 A disclosure pursuant to this paragraph shall be deposited in the  
37 United States mail, postage prepaid, within five business days after  
38 the consumer's written request for the disclosure is received by the  
39 consumer credit reporting agency. Consumer credit reporting  
40 agencies complying with requests for mailings under this section

1 shall not be liable for disclosures to third parties caused by  
2 mishandling of mail after the mailings leave the consumer credit  
3 reporting agencies.

4 (3) A summary of all information contained in files on a  
5 consumer and required to be provided by Section 1785.10 shall be  
6 provided by telephone, if the consumer has made a written request,  
7 with proper identification for telephone disclosure.

8 (4) Information in a consumer's file required to be provided in  
9 writing under this section may also be disclosed in another form  
10 if authorized by the consumer and if available from the consumer  
11 credit reporting agency. For this purpose a consumer may request  
12 disclosure in person pursuant to Section 1785.10, by telephone  
13 upon disclosure of proper identification by the consumer, by  
14 electronic means if available from the consumer credit reporting  
15 agency, or by any other reasonable means that is available from the  
16 consumer credit reporting agency.

17 (c) "Proper identification," as used in subdivision (b) means  
18 that information generally deemed sufficient to identify a person.  
19 Only if the consumer is unable to reasonably identify himself or  
20 herself with the information described above, may a consumer  
21 credit reporting agency require additional information concerning  
22 the consumer's employment and personal or family history in  
23 order to verify his or her identity.

24 (d) The consumer credit reporting agency shall provide trained  
25 personnel to explain to the consumer any information furnished  
26 him or her pursuant to Section 1785.10.

27 (e) The consumer shall be permitted to be accompanied by one  
28 other person of his or her choosing, who shall furnish reasonable  
29 identification. A consumer credit reporting agency may require  
30 the consumer to furnish a written statement granting permission to  
31 the consumer credit reporting agency to discuss the consumer's  
32 file in that person's presence.

33 (f) Any written disclosure by a consumer credit reporting  
34 agency to any consumer pursuant to this section shall include a  
35 written summary of all rights the consumer has under this title and  
36 in the case of a consumer credit reporting agency which compiles  
37 and maintains consumer credit reports on a nationwide basis, a  
38 toll-free telephone number which the consumer can use to  
39 communicate with the consumer credit reporting agency. The



1 written summary of rights required under this subdivision is  
2 sufficient if in substantially the following form:

3 “You have a right to obtain a copy of your credit file from a  
4 consumer credit reporting agency. You may be charged a  
5 reasonable fee not exceeding eight dollars (\$8). There is no fee,  
6 however, if you have been turned down for credit, employment,  
7 insurance, or a rental dwelling because of information in your  
8 credit report within the preceding 60 days. The consumer credit  
9 reporting agency must provide someone to help you interpret the  
10 information in your credit file.

11 You have a right to dispute inaccurate information by contacting  
12 the consumer credit reporting agency directly. However, neither  
13 you nor any credit repair company or credit service organization  
14 has the right to have accurate, current, and verifiable information  
15 removed from your credit report. Under the Federal Fair Credit  
16 Reporting Act, the consumer credit reporting agency must remove  
17 accurate, negative information from your report only if it is over  
18 seven years old. Bankruptcy information can be reported for 10  
19 years.

20 If you have notified a consumer credit reporting agency in  
21 writing that you dispute the accuracy of information in your file,  
22 the consumer credit reporting agency must then, within 30  
23 business days, reinvestigate and modify or remove inaccurate  
24 information. The consumer credit reporting agency may not  
25 charge a fee for this service. Any pertinent information and copies  
26 of all documents you have concerning an error should be given to  
27 the consumer credit reporting agency.

28 If reinvestigation does not resolve the dispute to your  
29 satisfaction, you may send a brief statement to the consumer credit  
30 reporting agency to keep in your file, explaining why you think the  
31 record is inaccurate. The consumer credit reporting agency must  
32 include your statement about disputed information in a report it  
33 issues about you.

34 You have a right to receive a record of all inquiries relating to  
35 a credit transaction initiated in 12 months preceding your request.  
36 This record shall include the recipients of any consumer credit  
37 report.

38 You may request in writing that the information contained in  
39 your file not be provided to a third party for marketing purposes.

1 You have a right to place a “security alert” in your credit report,  
2 which will warn anyone who receives information in your credit  
3 report that your identity may have been used without your consent.  
4 Recipients of your credit report are required to take reasonable  
5 steps, including contacting you at the telephone number you may  
6 provide with your security alert, to verify your identity prior to  
7 lending money, extending credit, or completing the purchase,  
8 lease, or rental of goods or services. The security alert may prevent  
9 credit, loans, and services from being approved in your name  
10 without your consent. However, you should be aware that taking  
11 advantage of this right may delay or interfere with the timely  
12 approval of any subsequent request or application you make  
13 regarding a new loan, credit, mortgage, insurance, rental housing,  
14 employment, investment, license, cellular phone, utilities, digital  
15 signature, Internet credit card transaction, or other services,  
16 including an extension of credit at point of sale. If you place a  
17 security alert on your credit report, you have a right to obtain a free  
18 copy of your credit report at the time the 90-day security alert  
19 period expires. A security alert may be requested by calling the  
20 following toll-free telephone number: (Insert applicable toll-free  
21 telephone number).

22 You have a right to place a “security freeze” on your credit  
23 report, which will prohibit a consumer credit reporting agency  
24 from releasing any information in your credit report without your  
25 express authorization. A security freeze must be requested in  
26 writing by certified mail. The security freeze is designed to prevent  
27 credit, loans, and services from being approved in your name  
28 without your consent. However, you should be aware that using a  
29 security freeze to take control over who gets access to the personal  
30 and financial information in your credit report may delay, interfere  
31 with, or prohibit the timely approval of any subsequent request or  
32 application you make regarding a new loan, credit, mortgage,  
33 insurance, government services or payments, rental housing,  
34 employment, investment, license, cellular phone, utilities, digital  
35 signature, Internet credit card transaction, or other services,  
36 including an extension of credit at point of sale. When you place  
37 a security freeze on your credit report, you will be provided a  
38 personal identification number or password to use if you choose  
39 to remove the freeze on your credit report or authorize the release  
40 of your credit report for a specific party or period of time after the



1 freeze is in place. To provide that authorization you must contact  
2 the consumer credit reporting agency and provide all of the  
3 following:

4 (1) The personal identification number or password.

5 (2) Proper identification to verify your identity.

6 (3) The proper information regarding the third party who is to  
7 receive the credit report or the period of time for which the report  
8 shall be available.

9 A consumer credit reporting agency must authorize the release  
10 of your credit report no later than three business days after  
11 receiving the above information.

12 A security freeze does not apply to a person or entity, or its  
13 affiliates, or collection agencies acting on behalf of the person or  
14 entity, with which you have an existing account, that requests  
15 information in your credit report for the purposes of reviewing or  
16 collecting the account. Reviewing the account includes activities  
17 related to account maintenance, monitoring, credit line increases,  
18 and account upgrades and enhancements.

19 You have a right to bring civil action against anyone, including  
20 a consumer credit reporting agency, who improperly obtains  
21 access to a file, knowingly or willfully misuses file data, or fails  
22 to correct inaccurate file data.

23 If you are a victim of identity theft and provide to a consumer  
24 credit reporting agency a copy of a valid police report or a valid  
25 investigative report made by a Department of Motor Vehicles  
26 investigator with peace officer status describing your  
27 circumstances, the following shall apply:

28 (1) You have a right to have any information you list on the  
29 report as allegedly fraudulent promptly blocked so that the  
30 information cannot be reported. The information will be  
31 unblocked only if (A) the information you provide is a material  
32 misrepresentation of the facts, (B) you agree that the information  
33 is blocked in error, or (C) you knowingly obtained possession of  
34 goods, services, or moneys as result of the blocked transactions.  
35 If blocked information is unblocked you will be promptly notified.

36 (2) Beginning July 1, 2003, you have a right to receive, free of  
37 charge and upon request, one copy of your credit report each  
38 month for up to 12 consecutive months.”

39 SEC. 4. Section 1786.60 of the Civil Code is amended to read:

1 1786.60. Notwithstanding subdivision (a) of Section  
2 1798.85, prior to July 1, 2004, any financial institution may print  
3 the social security number of an individual on any account  
4 statement or similar document mailed to that individual, if the  
5 social security number is provided in connection with a transaction  
6 governed by the rules of the National Automated Clearing House  
7 Association, or a transaction initiated by a federal governmental  
8 entity through an automated clearing house network.

9 SEC. 5. Section 1798.85 of the Civil Code is amended to read:

10 1798.85. (a) Except as provided in subdivisions (b), (h), and  
11 (i), a person or entity may not do any of the following:

12 (1) Publicly post or publicly display in any manner an  
13 individual's social security number. "Publicly post" or "publicly  
14 display" means to intentionally communicate or otherwise make  
15 available to the general public.

16 (2) Print an individual's social security number on any card  
17 required for the individual to access products or services provided  
18 by the person or entity.

19 (3) Require an individual to transmit his or her social security  
20 number over the Internet, unless the connection is secure or the  
21 social security number is encrypted.

22 (4) Require an individual to use his or her social security  
23 number to access an Internet Web site, unless a password or unique  
24 personal identification number or other authentication device is  
25 also required to access the Internet Web site.

26 (5) Print an individual's social security number on any  
27 materials that are mailed to the individual, unless state or federal  
28 law requires the social security number to be on the document to  
29 be mailed. Notwithstanding this paragraph, social security  
30 numbers may be included in applications and forms sent by mail,  
31 including documents sent as part of an application or enrollment  
32 process, or to establish, amend or terminate an account, contract  
33 or policy, or to confirm the accuracy of the social security number.

34 (b) Except as provided in subdivision (e), a person or entity that  
35 has used, prior to July 1, 2002, an individual's social security  
36 number in a manner inconsistent with subdivision (a), may  
37 continue using that individual's social security number in that  
38 manner on or after July 1, 2002, and a state or local agency that has  
39 used, prior to January 1, 2004, an individual's social security  
40 number in a manner inconsistent with subdivision (a), may

1 continue using that individual's social security number in that  
2 manner on or after January 1, 2004, if all of the following  
3 conditions are met:

4 (1) The use of the social security number is continuous. If the  
5 use is stopped for any reason, subdivision (a) shall apply.

6 (2) The individual is provided an annual disclosure that  
7 informs the individual that he or she has the right to stop the use  
8 of his or her social security number in a manner prohibited by  
9 subdivision (a).

10 (3) A written request by an individual to stop the use of his or  
11 her social security number in a manner prohibited by subdivision  
12 (a) is implemented within 30 days of the receipt of the request.  
13 There may not be a fee or charge for implementing the request.

14 (4) The person or entity does not deny services to an individual  
15 because the individual makes a written request pursuant to this  
16 subdivision.

17 (c) This section does not prevent the collection, use, or release  
18 of a social security number as required by state or federal law or  
19 the use of a social security number for internal verification or  
20 administrative purposes.

21 (d) This section does not apply to documents that are recorded  
22 or required to be open to the public pursuant to Chapter 3.5  
23 (commencing with Section 6250), Chapter 14 (commencing with  
24 Section 7150) or Chapter 14.5 (commencing with Section 7220)  
25 of Division 7 of Title 1 of, Article 9 (commencing with Section  
26 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of, or Chapter  
27 9 (commencing with Section 54950) of Part 1 of Division 2 of Title  
28 5 of, the Government Code. This section does not apply to records  
29 that are required by statute, case law, or California Rule of Court,  
30 to be made available to the public by entities provided for in  
31 Article VI of the California Constitution.

32 (e) (1) In the case of a health care service plan, a provider of  
33 health care, an insurer or a pharmacy benefits manager, a  
34 contractor as defined in Section 56.05, or the provision by any  
35 person or entity of administrative or other services relative to  
36 health care or insurance products or services, including third-party  
37 administration or administrative services only, this section shall  
38 become operative in the following manner:

39 (A) On or before January 1, 2003, the entities listed in  
40 paragraph (1) of subdivision (e) shall comply with paragraphs (1),

1 (3), (4), and (5) of subdivision (a) as these requirements pertain to  
2 individual policyholders or individual contractholders.

3 (B) On or before January 1, 2004, the entities listed in  
4 paragraph (1) of subdivision (e) shall comply with paragraphs (1)  
5 to (5), inclusive, of subdivision (a) as these requirements pertain  
6 to new individual policyholders or new individual contractholders  
7 and new groups, including new groups administered or issued on  
8 or after January 1, 2004.

9 (C) On or before July 1, 2004, the entities listed in paragraph  
10 (1) of subdivision (e) shall comply with paragraphs (1) to (5),  
11 inclusive, of subdivision (a) for all individual policyholders and  
12 individual contractholders, for all groups, and for all enrollees of  
13 the Healthy Families and Medi-Cal programs, except that for  
14 individual policyholders, individual contractholders and groups in  
15 existence prior to January 1, 2004, the entities listed in paragraph  
16 (1) of subdivision (e) shall comply upon the renewal date of the  
17 policy, contract, or group on or after July 1, 2004, but no later than  
18 July 1, 2005.

19 (2) A health care service plan, a provider of health care, an  
20 insurer or a pharmacy benefits manager, a contractor, or another  
21 person or entity as described in paragraph (1) of subdivision (e)  
22 shall make reasonable efforts to cooperate, through systems  
23 testing and other means, to ensure that the requirements of this  
24 article are implemented on or before the dates specified in this  
25 section.

26 (3) Notwithstanding paragraph (2), the Director of the  
27 Department of Managed Health Care, pursuant to the authority  
28 granted under Section 1346 of the Health and Safety Code, or the  
29 Insurance Commissioner, pursuant to the authority granted under  
30 Section 12921 of the Insurance Code, and upon a determination of  
31 good cause, may grant extensions not to exceed six months for  
32 compliance by health care service plans and insurers with the  
33 requirements of this section when requested by the health care  
34 service plan or insurer. Any extension granted shall apply to the  
35 health care service plan or insurer's affected providers, pharmacy  
36 benefits manager, and contractors.

37 (f) If a federal law takes effect requiring the United States  
38 Department of Health and Human Services to establish a national  
39 unique patient health identifier program, a provider of health care,  
40 a health care service plan, a licensed health care professional, or



a contractor, as those terms are defined in Section 56.05, that complies with the federal law shall be deemed in compliance with this section.

(g) A person or entity may not encode or embed a social security number in or on a card or document, including, but not limited to, using a bar code, chip, magnetic strip, or other technology, in place of removing the social security number, as required by this section.

(h) This section shall become operative, with respect to the University of California, in the following manner:

(1) On or before January 1, 2004, the University of California shall comply with paragraphs (1), (2), and (3) of subdivision (a).

(2) On or before January 1, 2005, the University of California shall comply with paragraphs (4) and (5) of subdivision (a).

(i) This section shall become operative with respect to the Franchise Tax Board on January 1, 2007.

(j) This section shall become operative with respect to the California community college districts on January 1, 2007.

(k) This section shall become operative with respect to the California State University system on July 1, 2005.

(l) This section shall become operative, with respect to the California Student Aid Commission and its auxiliary organization, in the following manner:

(1) On or before January 1, 2004, the Commission and its auxiliary organization shall comply with paragraphs (1), (2), and (3) of subdivision (a).

(2) On or before January 1, 2005, the Commission and its auxiliary organization shall comply with paragraphs (4) and (5) of subdivision (a).

*SEC. 5.5. Section 1798.85 of the Civil Code is amended to read:*

1798.85. (a) ~~A person or entity, not including a state or local agency,~~ *Except as provided in subdivisions (b), (h), and (i), a person or entity* may not do any of the following:

(1) Publicly post or publicly display in any manner an individual's social security number. "Publicly post" or "publicly display" means to intentionally communicate or otherwise make available to the general public.

1 (2) Print an individual's social security number on any card  
2 required for the individual to access products or services provided  
3 by the person or entity.

4 (3) Require an individual to transmit his or her social security  
5 number over the Internet, unless the connection is secure or the  
6 social security number is encrypted.

7 (4) Require an individual to use his or her social security  
8 number to access an Internet Web site, unless a password or unique  
9 personal identification number or other authentication device is  
10 also required to access the Internet Web site.

11 (5) Print an individual's social security number on any  
12 materials that are mailed to the individual, unless state or federal  
13 law requires the social security number to be on the document to  
14 be mailed. Notwithstanding this paragraph, social security  
15 numbers may be included in applications and forms sent by mail,  
16 including documents sent as part of an application or enrollment  
17 process, or to establish, amend or terminate an account, contract  
18 or policy, or to confirm the accuracy of the social security number.  
19 *A social security number that is permitted to be mailed under this*  
20 *section may not be printed, in whole or in part, on a postcard or*  
21 *other mailer not requiring an envelope, or visible on the envelope*  
22 *or without the envelope having been opened.*

23 (b) Except as provided in subdivision (e), ~~subdivision (a)~~  
24 ~~applies only to the use of social security numbers on or after July~~  
25 ~~1, 2002.~~

26 ~~(e) Except as provided in subdivision (f) (e), a person or entity;~~  
27 ~~not including a state or local agency, that has used, prior to July 1,~~  
28 ~~2002, an individual's social security number in a manner~~  
29 ~~inconsistent with subdivision (a), may continue using that~~  
30 ~~individual's social security number in that manner on or after July~~  
31 ~~1, 2002, and a state or local agency that has used, prior to January~~  
32 ~~1, 2004, an individual's social security number in a manner~~  
33 ~~inconsistent with subdivision (a), may continue using that~~  
34 ~~individual's social security number in that manner on or after~~  
35 ~~January 1, 2004, if all of the following conditions are met:~~

36 (1) The use of the social security number is continuous. If the  
37 use is stopped for any reason, subdivision (a) shall apply.

38 (2) The individual is provided an annual disclosure,  
39 ~~commencing in the year 2002,~~ that informs the individual that he

or she has the right to stop the use of his or her social security number in a manner prohibited by subdivision (a).

(3) A written request by an individual to stop the use of his or her social security number in a manner prohibited by subdivision (a) ~~shall be~~ *is* implemented within 30 days of the receipt of the request. There ~~shall may not be~~ *no* a fee or charge for implementing the request.

(4) ~~A~~ *The* person or entity, ~~not including a state or local agency,~~ *shall* does not deny services to an individual because the individual makes a written request pursuant to this subdivision.

~~(d)~~

(c) This section does not prevent the collection, use, or release of a social security number as required by state or federal law or the use of a social security number for internal verification or administrative purposes.

~~(e)~~

(d) This section does not apply to documents that are recorded or required to be open to the public pursuant to Chapter 3.5 (commencing with Section 6250), Chapter 14 (commencing with Section 7150) or Chapter 14.5 (commencing with Section 7220) of Division 7 of Title 1 of, *Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of*, or Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of, the Government Code. This section does not apply to records that are required by statute, case law, or California Rule of Court, to be made available to the public by entities provided for in Article VI of the California Constitution.

~~(f)~~

(e) (1) In the case of a health care service plan, a provider of health care, an insurer or a pharmacy benefits manager, a contractor as defined in Section 56.05, or the provision by any person or entity of administrative or other services relative to health care or insurance products or services, including third-party administration or administrative services only, this section shall become operative in the following manner:

(A) On or before January 1, 2003, the entities listed in paragraph (1) of subdivision ~~(f)~~ *(e)* shall comply with paragraphs (1), (3), (4), and (5) of subdivision (a) as these requirements pertain to individual policyholders or individual ~~contract holders~~ *contractholders*.

(B) On or before January 1, 2004, the entities listed in paragraph (1) of subdivision-~~(f)~~ (e) shall comply with paragraphs (1) to (5), inclusive, of subdivision (a) as these requirements pertain to new individual policyholders or new individual contractholders and new groups, including new groups administered or issued on or after January 1, 2004.

(C) On or before July 1, 2004, the entities listed in paragraph (1) of subdivision-~~(f)~~ (e) shall comply with paragraphs (1) to (5), inclusive, of subdivision (a) for all individual policyholders and individual contractholders, for all groups, and for all enrollees of the Healthy Families and Medi-Cal programs, except that for individual policyholders, individual contractholders and groups in existence prior to January 1, 2004, the entities listed in paragraph (1) of subdivision-~~(f)~~ (e) shall comply upon the renewal date of the policy, contract, or group on or after July 1, 2004, but no later than July 1, 2005.

(2) A health care service plan, a provider of health care, an insurer or a pharmacy benefits manager, a contractor, or another person or entity as described in paragraph (1) of subdivision-~~(f)~~ (e) shall make reasonable efforts to cooperate, through systems testing and other means, to ensure that the requirements of this article are implemented on or before the dates specified in this section.

(3) Notwithstanding paragraph (2), the Director of the Department of Managed Health Care, pursuant to the authority granted under Section 1346 of the Health and Safety Code, or the Insurance Commissioner, pursuant to the authority granted under Section 12921 of the Insurance Code, and upon a determination of good cause, may grant extensions not to exceed six months for compliance by health care service plans and insurers with the requirements of this section when requested by the health care service plan or insurer. Any extension granted shall apply to the health care service plan or insurer's affected providers, pharmacy benefits manager, and contractors.

~~(g)~~

(f) If a federal law takes effect requiring the United States Department of Health and Human Services to establish a national unique patient health identifier program, a provider of health care, a health care service plan, a licensed health care professional, or a contractor, as those terms are defined in Section 56.05, that

1 complies with the federal law shall be deemed in compliance with  
2 this section.

3 (g) A person or entity may not encode or embed a social  
4 security number in or on a card or document, including, but not  
5 limited to, using a bar code, chip, magnetic strip, or other  
6 technology, in place of removing the social security number, as  
7 required by this section.

8 (h) This section shall become operative, with respect to the  
9 University of California, in the following manner:

10 (1) On or before January 1, 2004, the University of California  
11 shall comply with paragraphs (1), (2), and (3) of subdivision (a).

12 (2) On or before January 1, 2005, the University of California  
13 shall comply with paragraphs (4) and (5) of subdivision (a).

14 (i) This section shall become operative with respect to the  
15 Franchise Tax Board on January 1, 2007.

16 (j) This section shall become operative with respect to the  
17 California community college districts on January 1, 2007.

18 (k) This section shall become operative with respect to the  
19 California State University system on July 1, 2005.

20 (l) This section shall become operative, with respect to the  
21 California Student Aid Commission and its auxiliary organization,  
22 in the following manner:

23 (1) On or before January 1, 2004, the Commission and its  
24 auxiliary organization shall comply with paragraphs (1), (2), and  
25 (3) of subdivision (a).

26 (2) On or before January 1, 2005, the Commission and its  
27 auxiliary organization shall comply with paragraphs (4) and (5)  
28 of subdivision (a).

29 SEC. 6. Section 1.5 of this bill incorporates amendments to  
30 Section 1785.11.1 of the Civil Code proposed by this bill and SB  
31 602. It shall only become operative if (1) both bills are enacted and  
32 become effective on or before January 1, 2004, (2) each bill  
33 amends Section 1785.11.1 of the Civil Code, and (3) this bill is  
34 enacted after SB 602, in which case Section 1785.11.1 of the Civil  
35 Code, as amended by SB 602, shall remain operative only until the  
36 operative date of this bill, at which time Section 1.5 of this bill shall  
37 become operative, and Section 1 of this bill shall not become  
38 operative.

39 SEC. 7. Section 5.5 of this bill incorporates amendments to  
40 Section 1798.85 of the Civil Code proposed by both this bill and

1 *AB 763. It shall only become operative if (1) both bills are enacted*  
2 *and become effective on or before January 1, 2004, (2) each bill*  
3 *amends Section 1798.85 of the Civil Code, and (3) this bill is*  
4 *enacted after AB 763, in which case Section 5 of this bill shall not*  
5 *become operative.*

6 SEC. 8. Section 1 of this act shall become operative on July  
7 1, 2004.

